

From: George Schussel To: Ed DeFranceschi

Date: 12/7/97 Time: 11:07:28 AM

Page 1 of 1

FAX note from Geo

PRIVILEGED COMMUNICATION FOR Edward Defrancseschi:

Hi Ed:

A question of law and regulation follows. This is based on the fact that I would like to refile my personal tax return for '95.

>The existing examination is for DCI, a "C" corporation for '95. It converted to an "S" corporation for '96 and after.

>We would need to decide which years to refile the personal tax return for. Preliminarily, it looks like a resiling for '94, '95 and '96 is appropriate.

Are we sure that I cannot go ahead and refile personal for '95 at this time? I know you've answered this question before, but it's important enough to merit re-asking.

If I cannot refile at this time, then it would appear that we should wait until I can -- and only then resile for all three years?

When the DCI examination ends, how soon can I resile personally? Is it after we have been told orally by the examiner that the exam is over? Is it after we've signed the settlement form? Is it after we have received the final resolution letter?

I'll be at work on Monday morning and then at a conference until I'm back in the office on Friday. If you can't call on Monday, please leave me a voice mail message on x403 with your opinion.

Thanks,
Geo

92-93-94-95

DCI

To: Ed DeFranceschi
From : George Schussel
Pages: 1
For Information Call: George Schussel
At: 978-470-3870
Fax Number : 978-470-2002

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March 11, 1998

Kelly McGovern
Internal Revenue Service
Exam
JFK Building
STOP 41275
Boston, MA 02203

RE: Digital Consulting, Inc.

Dear Ms. McGovern:

This letter is in response to your Information Document Request #4 dated February 24, 1998. By agreement the taxpayer's response is due on March 20, 1998. My response will follow the numbered items of the document request.

1. Dr. Schussel is not an employee or officer of Digital Consulting International, Ltd. (DCIL). In 1988 at the formation of DCIL, he received one share of one dollar par value stock out of 12,000 issued and outstanding.
2. I do not represent Digital Consulting International LTD and I cannot disclose information about it.
3. No response required.
4. See number 2.
5. See Exhibit "A".
6. See Exhibit "B".
7. There were no invoices. Payments were made pursuant to the contract previously provided to you.

I have contacted DCIL's Bermuda counsel. DCIL has complied with all the laws of Bermuda pertaining to its taxes. In addition, the relationship between DCI and DCIL has been previously reviewed by the Internal Revenue Service. In 1991/1992 DCI was examined for the years 1986 through 1990 inclusive. The Revenue Agent, Mr. Larry Griffin, reviewed the relationship. He questioned transactions much like the situation

Exhibit B

that existed in 1995. Mr. Griffin advised Dr. Schussel that the transaction was one of an international nature and was not the scope of the DCI audit. For over seven months in 1995, DCI's 1993 tax return was examined and the relationship between DCI and DCIL was not challenged during that examination either.

We have provided you with all the information that we are legally able to provide. My client is anxious to get this examination resolved. It has dramatically changed its way of doing business in order to attract either a purchaser or venture capital in order to expand the business. Many venture capitalists have expressed interest in an initial level of funding for DCI. However, nothing can be brought to conclusion until this examination has ended. This is an ideal time for obtaining venture capital, a time that may end very soon. Accordingly, it is imperative that this examination be brought to a conclusion. I would be happy to discuss any conclusions you have reached concerning your audit. I would also be happy to discuss with you and/or your supervisor any adjustments you contemplate proposing. We must move to a conclusion.

Lastly, my client would like to know whether or not it can put back in storage the materials that have been set aside in the first floor room you have been using. That room has been out of use for approximately four (4) months and space at DCI's Andover headquarters is at a premium.

Your prompt response to this letter will be appreciated.

Sincerely,

Edward DeFranceschi

EDF/dsp
Enclosures
cc: George Schussel
dcim

EXHIBIT 'A'

<u>Event</u>	<u>Location</u>	<u>Date</u>
OSF	London	4/24-28/95
DataWarehousing	Holland	5/15-19/95
DataWarehousing	Germany	6/19-23/95
Sybase	London	10/8-11/95
Canadian Events*		
C/S Solutions 95	Toronto	9/18-22/95
Email World	Toronto	9/18-22/95
Internet Expo	Toronto	9/18-22/95
Web World	Toronto	9/18-22/95
Mobile World	Toronto	9/18-22/95
SFA	Toronto	9/18-22/95
DataWarehousing Conf.	Toronto	9/18-22/95
Olap Forum	Toronto	9/18-22/95
SW World/CS World	Toronto	3/6-10/95
RM 25	Toronto	3/6-10/95
OSF	Toronto	3/6-10/95
Outsourcing Conference	Toronto	10/23-26/95
Advanced Gui	Ottawa	3/27-29/95
Gui Design	Ottawa	3/27-29/95
C/S Tools	Toronto	6/6-7/95
Datawarehousing Technology	Toronto	5/2-4/95
Datawarehousing Technology	Calgary	7/5-7/95
ReEngineering	Ottawa	10/2-3/95

*Canadian Events are included in Non U.S. events as contemplated by the September 1993 contract. No payments were made to DCIL with respect to these events.

EXHIBIT 'B'

<u>Event</u>	<u>Location</u>	<u>Date</u>
PC card	San Jose	4/3-7/95
OSF	San Fran	4/10-14/95
RevTech	San Fran	4/11-13/94*
Sybase	San Jose	5/94*
Microsoft Explorer 95	Boston	6/5-8/95
Nexstep Expo w/d	San Fran	6/19-21/95
ACI	San Jose	7/9-12/95
OSF	Boston	8/20-24/95
IBM TechCon	San Jose	10/9-13/95
EDA	Dallas	10/18-20/94*
Computron	N.J.	10/29-11/2/95

Total Payments \$2,016,019.00. This amount represents approximately two thirds of the minimum amount due under the September 1993 agreement, 10% of gross. DCIL was compensated from these events to satisfy the minimum terms of the existing agreement.

*Disbursements for events held in 1994.

G. SCHUSSEL
S. K. SCHUSSEL
5 KIMBERLY TERRACE
LYNNFIELD, MA 01940

915 1191 50-7199/2112

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PAY TO
COURT

PAY TO THE
ORDER OF DCI International \$ 200,000.00
Two Hundred Thousand - - - - DOLLARS



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PERMIT NUMBER 44-28877333

FILED IN THE OFFICE OF THE CLERK OF THE COURT OF APPEALS OF WASHINGTON

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LYNNEFIELD, MA 01940

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PAY TO THE
CREDITOR Digital Consulting International \$ 110,516-
One hundred ten thousand five hundred sixteen — DOLLARS



MEMS

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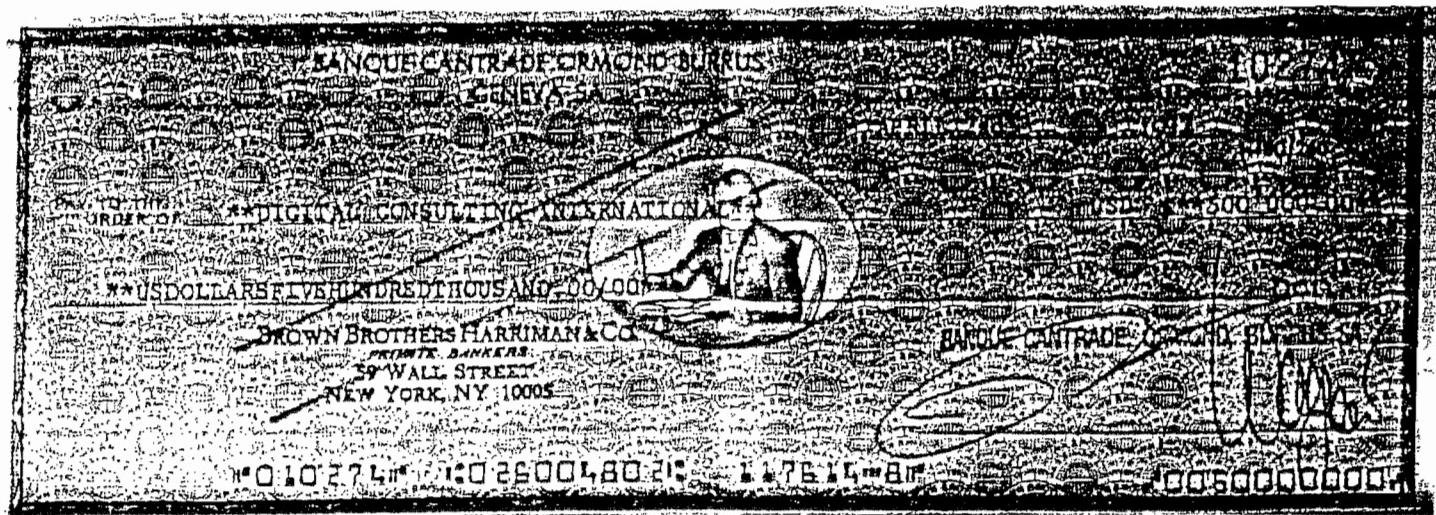
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